Treasury Board of Canada Secretariat

2009–10

Departmental Performance Report

Original Signed By

The Honourable Stockwell Day, P.C., M.P.
President of the Treasury Board

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President's Message

I am pleased to present the *2009–10 Departmental Performance Report* of the Treasury Board of Canada Secretariat.

Canadians can take pride in their country's strong economic and fiscal performance—a performance that is anchored in the policies our government adopted in response to the global recession. Throughout this difficult period, the Secretariat has played a vital role, particularly by enabling the implementation of *Canada's Economic Action Plan*, one of the most comprehensive stimulus packages in the industrialized world.

The economy remains our number-one priority. We are focused on completing the Economic Action Plan and on balancing the budget. We have a clear, three-point plan to contain the costs of the Government of Canada, including a freeze on the operating budgets of federal organizations and the ongoing strategic reviews of departmental spending. These measures, among other targeted reductions, will help us return to a balanced budget by 2014–15.

We have also taken action to further strengthen accountability and transparency in government. For example, starting in fiscal year 2011–12, federal departments and Crown corporations will publish quarterly financial reports, ensuring that parliamentarians and Canadians benefit from enhanced information on government spending.

Finally, our government has continued to reduce unnecessary internal red tape. Through smart rules and reporting, much has been done to simplify the decision-making process to ensure the delivery of timely services to Canadians.

I invite all Canadians to read this report to see the progress we are making in ensuring their tax dollars are spent wisely, prudently and fairly.

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The Honourable Stockwell Day, P.C., M.P.
President of the Treasury Board

Section I: Departmental Overview

Raison d'être

The Treasury Board of Canada Secretariat (the Secretariat) is the administrative arm of the Treasury Board. It supports Treasury Board ministers and strengthens the way government is managed to better serve Canadians and ensure value for money in government spending.

Responsibilities

The Secretariat together with the Canada School of Public Service, the Office of the Commissioner of Lobbying of Canada, and the Office of the Public Sector Integrity Commissioner of Canada form the Treasury Board Portfolio.

The Secretariat makes recommendations and supports the Treasury Board in each of its roles by providing advice on policies, directives, regulations, and program spending that promotes sound management of government resources. The Secretariat also provides leadership and guidance on management functions within departments and agencies, while respecting the primary responsibility of deputy heads in managing their organizations and their role as accounting officers.

The Treasury Board is a Cabinet committee of ministers invested with a broad range of responsibilities for management excellence, policy development, and budget oversight. As general manager of the public service, the Treasury Board's three main roles are as follows:

- It is the government's **management board**, responsible for promoting improvement in management performance, developing policies and priorities to manage government assets and resources, and overseeing the government's regulatory function.
- It is the government's **budget office**, responsible for examining and approving the proposed spending plans of government departments and agencies and for financial management and reporting.
- It is responsible for **people management** and is the employer of the core public administration.

Within the Secretariat, the Comptroller General of Canada provides government-wide direction, leadership, and capacity building for financial management, internal audit, and assets management. The Chief Human Resources Officer supports people management across the public service, including the management of labour relations, compensation, pensions and benefits, and workplace policies. The Chief Information Officer provides strategic direction and leadership for the government-wide pursuit of excellence in information management (IM) and information technology (IT).

When working with federal departments, agencies, and Crown corporations, the Secretariat focuses on three central roles:

- An enabling role to help organizations improve management performance;
- An oversight role that includes setting policy and standards and reporting on the government's overall management and budgetary performance; and
- A leadership role in driving and modelling excellence in public sector management.

The following diagram depicts how the Secretariat fulfills these three roles and how it supports the Treasury Board.

How the Secretariat Works with Organizations

The Secretariat's Change Agenda

Established in 2007, the Change Agenda was launched to respond to the changing public service context and the move toward a more risk-sensitive and focused management approach. The purpose of the Change Agenda was to reinforce the Secretariat's role as an enabler of federal leaders and organizations in their achievement of management excellence. The Secretariat and its employees at all levels act as strategic partners, trusted advisors, and proactive risk managers and are collaborative, inclusive, and empowering.

Secretariat functions have a direct impact on the capacity and quality of federal public service management, and on how efficiently and effectively government programs and services are

delivered. Through legislation, including the *Federal Accountability Act*, and changes to Treasury Board policies, deputy heads have clear accountability for departmental and agency resources. The role of the Secretariat is evolving to enable deputy heads to take advantage of their management flexibilities in a way that optimizes performance.

Operating environment

The 2009–10 fiscal year was marked by a worldwide economic downturn. The Government of Canada responded in Budget 2009 by proposing a two-year Economic Action Plan (EAP) to provide immediate economic stimulus while promoting long-term growth. The need to deliver economic stimulus created a unique challenge for government and for the Secretariat. Successful delivery of the first year of the EAP helped Canada to be one of the leading countries in economic recovery. By the end of the year, this strength allowed the government to turn its attention to fiscal restraint in order to address the budgetary deficit.

At the same time as global economic challenges affected Canadians and the government, demographic and technological shifts continued to be reflected in the public service. Workplace renewal continued to require emphasis on collaboration, technology, innovation, back-office systems, and knowledge management. The public service also continued to face significant recruitment and retention challenges at all levels due to the high number of retirements and the increased mobility of employees across departments.

In addition to addressing these challenges in 2009–10, the government coordinated Canada's response to the H1N1 pandemic and provided Canadians as well as public sector employees with advice (see text box "H1N1 Pandemic Response").

H1N1 Pandemic Response

The Government of Canada established a coordinated national response to the H1N1 pandemic in cooperation with other levels of government. In its role as employer, the Secretariat provided pandemic-related advice to departments and agencies on employee-related issues and coordinated communications with public sector employees.

Risk analysis

The Corporate Risk Profile is developed each year as a key part of the Secretariat's integrated risk management practice. An important decision-making tool, it provides information on the potential risks confronting the Secretariat and the appropriate responses to them.

Nine corporate risks were identified for 2009–10 and aligned with program activities. Two of these risks were discussed in the *2009–10 Report on Plans and Priorities* (RPP). The first concerned the risk of not having the appropriate financial capacity to achieve expected outcomes. In response, the Secretariat strengthened resource allocation through integrated business planning. The second risk concerned the Secretariat not having sufficient qualified personnel to

meet its objectives. This risk was driven by demographic shifts such as the expected high level of senior personnel retiring from the public service. A number of measures were implemented to effectively mitigate this risk, including developing a longer-term Human Resources Plan, a robust Recruitment and Staffing Strategy, and an organization-wide Learning Strategy in support of employee development.

The Secretariat faced two significant challenges during the fiscal year—implementing the stimulus measures of *Budget 2009: Canada's Economic Action Plan* and completing two organizational transitions. These challenges impacted the workload in program activities 1 and 4: Management Policy Development and Oversight and Internal Services. The challenges associated with implementing Budget 2009 were successfully mitigated by building on previous knowledge of departments and agencies. A risk-based approach supported the expedited approval of Treasury Board submissions while ensuring that due diligence was maintained.

The Secretariat was also largely successful in mitigating the risks associated with implementing the transition of corporate services and the merger of the Canada Public Service Agency (CPSA) (see the text box "Organizational Change"). However, as can be expected with large organizational changes, some targets were not fully met during the year. Further detail is provided in Section II under "Lessons learned: Policy suite renewal—people management." To support the transitions, the Secretariat implemented mitigation strategies, such as developing service agreements, prioritizing work and restructuring workloads to relieve some of the burden, and staffing critical positions.

Organizational Change

2009–10 was a year of organizational transition and consolidation for the Secretariat. The creation of the Office of the Chief Human Resources Officer brought together the former Canada Public Service Agency and key parts of the Secretariat that deal with pensions and benefits, labour relations, and compensation in order to streamline people management across the public service. In addition, corporate services functions previously under the Department of Finance Canada were integrated into the Secretariat.

The Secretariat made significant progress in documenting the integrated risk management process and improving results. This was accomplished by applying lessons learned and working in consultation with the departmental audit committee.

The year in review

Economic Action Plan

Canada's EAP provided a unique opportunity for the Secretariat. Considerable effort was needed to speed the flow of information and advice to ministers to support timely funding approval for EAP initiatives, while showing due diligence and respecting policy requirements. In response to the need to accelerate the implementation process, 85 per cent of the EAP submissions to be considered by the Treasury Board were prepared within 5 months.

Enabling role

This work was successful because the Secretariat was able to appropriately leverage risk-based approaches and knowledge about departments and agencies to expedite the approval process in extraordinary circumstances. It also demonstrated the benefits and value of the Secretariat adopting an enabler role in its relationship with departments and agencies (as presented in the Change Agenda diagram), which reflects an important change. The benefits of the enabler role were further demonstrated in the provision of expert advice and guidance to departments and agencies through the Centre of Expertise on Grant and Contribution Programs, the Centre of Expertise on Risk Management, and the Centre for Regulatory Expertise.

Expenditure and financial management initiatives

In Budget 2010, the government laid out measures to return to balanced budgets and, consequently, to contain departmental growth and reduce spending. In 2009–10, the Secretariat made significant progress on a number of expenditure and financial management initiatives that will support the government over the next few years. For example, the Secretariat completed the third round of strategic reviews. Strategic reviews assess whether programs in an organization are effectively managed, are achieving their intended results, and are appropriately aligned with federal responsibilities and the priorities of Canadians. Reallocation of savings, identified by 12 of the organizations that undertook a review in 2009, were $151.7 million for 2010–11, $247.5 million for 2011–12, and $286.9 million for 2012–13, as announced in Budget 2010. Since 2007, strategic reviews have identified annual ongoing savings of $1.3 billion.

The Secretariat also successfully concluded its review and launch of the government's core financial management policies following approval of the new *Policy on Financial Resource Management, Information and Reporting*. These new tools will lead to increased transparency through departmental quarterly reporting, starting in 2011.

People management

In 2009–10, the Secretariat strengthened people management by developing policies, gathering information and analysis on the health of the public service, and creating tools and services to support deputy ministers, such as the People Management Dashboard. In addition, the Secretariat increased central agency and departmental capacity in leadership development and talent management. It also ensured that public service compensation was aligned to the *Policy Framework for the Management of Compensation* and modernized the delivery of benefits programs.

Streamlining

Efforts were expanded to reduce red tape within government. The Secretariat engaged 39 large departments and agencies in developing some 100 initiatives to improve the efficiency of their

operations as part of the "web of rules" action plan. The Management Accountability Framework (MAF) was streamlined through a risk-based approach in order to assess some areas of management on a rotational basis. This had the added benefit of reducing the reporting burden on departments and agencies, while keeping the focus on strengthening core areas of management.

Knowledge management

Recognizing the importance of knowledge management, the Secretariat continues to advance the IM Strategy, and promote and support collaborative social media tools for interdepartmental information sharing. The Secretariat created a Government of Canada Executive Project Oversight Committee for large IT-enabled projects, which will brief Treasury Board twice a year. Work also continued to streamline IM and IT policies.

Challenges

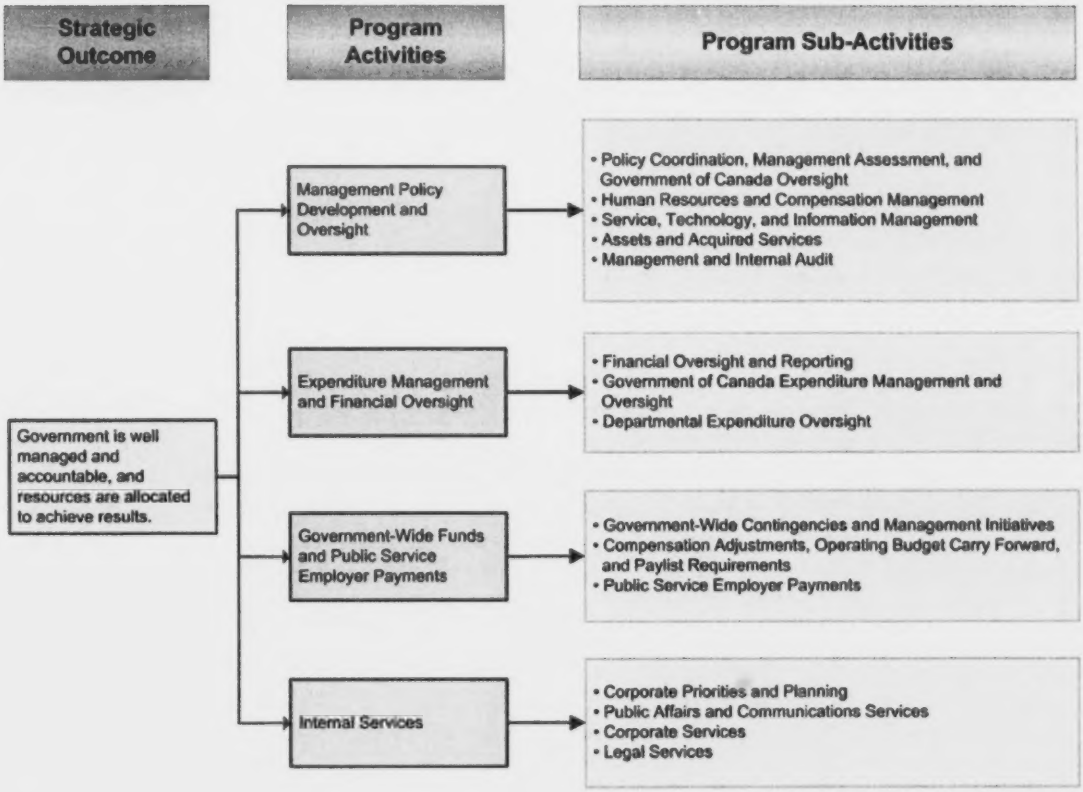
While the Secretariat made significant progress in advancing its priorities, work remains to fully complete some initiatives. For example, as a result of ambitious efforts in a number of people management–related areas, the Secretariat needed to revise its target date to complete the renewal of human resources policies. Similarly, while 81 per cent of departments and agencies now have a Management, Resources and Results Structure (MRRS) that meets government standards, there is a need to further strengthen the quality of performance information used by these organizations to measure program success. The Secretariat will continue to work with departments and agencies to enable them to meet enhanced standards under the government-wide *Policy on Evaluation*.

This Departmental Performance Report (DPR) identifies many of the initiatives and results achieved by the Secretariat during 2009–10. Additional information is provided through links to reference documents, including the 2009–10 RPP upon which this DPR is based.

Strategic outcome and the 2009–10 Program Activity Architecture

The following diagram illustrates the strategic outcome, program activities, and program sub-activities that make up the Secretariat's Program Activity Architecture (PAA). The PAA represents the core programs and results that contribute to achieving the Secretariat's strategic outcome. The Secretariat has revised its PAA for 2010–11 to reflect its new, comprehensive role in people management. Changes have been highlighted in the 2010–11 RPP. For this DPR, however, the Secretariat's report is based on the 2009–10 PAA.

2009–10 Program Activity Architecture


Strategic Outcome
Program Activities
Program Sub-Activities
Government is well managed and accountable, and resources are allocated to achieve results.
Management Policy Development and Oversight
• Policy Coordination, Management Assessment, and Government of Canada Oversight
• Human Resources and Compensation Management
• Service, Technology, and Information Management
• Assets and Acquired Services
• Management and Internal Audit
Expenditure Management and Financial Oversight
• Financial Oversight and Reporting
• Government of Canada Expenditure Management and Oversight
• Departmental Expenditure Oversight
Government-Wide Funds and Public Service Employer Payments
• Government-Wide Contingencies and Management Initiatives
• Compensation Adjustments, Operating Budget Carry Forward, and Paylist Requirements
• Public Service Employer Payments
Internal Services
• Corporate Priorities and Planning
• Public Affairs and Communications Services
• Corporate Services
• Legal Services

Performance summary

The following tables provide a summary of total Secretariat resources for 2009–10.

2009–10 Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
2,315,228	4,554,833	2,341,557

The Secretariat spent approximately $2.3 billion in 2009–10. Most of the variance between planned spending, total authorities, and actual spending can be attributed to the requirement to report the central government-wide funds of $2.1 billion that remained unallocated at year-end under total authorities. Planned spending and actual spending reflect the portion of these authorities planned for and used by the Secretariat for its operations during the year, which include Vote 1 and Vote 20. (For more details, refer to the "Expenditure profile" section.)

2009–10 Human Resources (full-time equivalents)

Planned	Actual	Difference
1,714	2,179	465

Actual full-time equivalents (FTEs) exceeded planned FTEs mainly due to the amalgamation of the CPSA with the Secretariat following the 2008–09 Human Resources Horizontal Strategic Review. Approximately 380 FTEs from the CPSA merged with the Secretariat during 2009–10. The rest of the difference relates to new initiatives, including the implementation of the *Public Sector Equitable Compensation Act* and the transfer of employees from the Department of Finance Canada for the provision of corporate services.

2009–10 Performance Summary of Strategic Outcome

Strategic Outcome: Government is well managed and accountable, and resources are allocated to achieve results		
Performance Indicators	**Targets**	**2009–10 Performance**
Reports from the Office of the Auditor General and international organizations, the Secretariat's internal audits and evaluations, and MAF findings will provide an indication of the Secretariat's overall progress in the areas of financial and people management.	The Government of Canada is recognized as a world leader in public sector management.	The Government of Canada is recognized as a world leader in public sector management. Bertelsmann's *Sustainable Governance Indicators 2009* ranks Canada third of 30 Organisation for Economic Co-operation and Development (OECD) countries for strategic capacity and fourth for organizational reform capacity. The World Bank's *Governance Matters 2009: Worldwide Governance Indicators, 1996-2008* ranks Canada in the 97th percentile for government effectiveness. The MAF five-year evaluation and a detailed analysis of MAF Round VI results demonstrated overall progress in the areas of financial and human resources management, as indicated by an upward trend in the overall MAF scores of departments and agencies in the majority of areas of management. There has been a continuous improvement in MAF results (19%) since 2006–07.

2009–10 Performance Summary Table: Financial Data by Program Activity ($ thousands)

Program Activity	2008–09 Actual Spending	2009–10				Alignment to Government of Canada Outcomes
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
1. Management Policy Development and Oversight	153,568	99,349	112,497	157,585	146,845	Government Affairs
2. Expenditure Management and Financial Oversight	51,491	36,615	37,027	43,464	37,081	
3. Government-Wide Funds and Public Service Employer Payments	1,754,566	7,559,700	2,103,064	4,259,474	2,068,107	
4. Internal Services		61,513	62,640	94,310	89,524	
Total	**1,959,625**	**7,757,177**	**2,315,228**	**4,554,833**	**2,341,557**	

This table provides a performance summary of all four program activities for 2009–10. Commencing in the 2009–10 Estimates cycle, the resources for Internal Services (Program Activity 4) are displayed separately from other program activities and are no longer distributed among the other three program activities, as was the case in previous Main Estimates. This has affected the comparability of spending and FTE information by program activity between fiscal years, specifically between actual spending in 2008–09 and 2009–10. As a result, variance analysis between 2008–09 and 2009–10 actual spending cannot be provided this year. For an analysis of significant variances between planned spending, total authorities, and actual spending refer to "Section II: Analysis of Program Activities by Strategic Outcome."

Priorities in support of the Secretariat's strategic outcome

The Secretariat established long-term operational priorities in 2008–09 to move toward achieving its strategic outcome, "Government is well managed and accountable, and resources are allocated to achieve results." The major accomplishments supporting these priorities are highlighted in the following sections.

Operational Priority 1

Operational Priority 1	Management regime operates effectively, provides opportunities for informed risk taking, and enables innovation
Link to Program Activity	Management Policy Development and Oversight
Type[1]	Ongoing

As part of the Secretariat's sustained commitment to the Public Service Renewal Action Plan, attention was focused on lessening the "web of rules" and on supporting a cultural shift in the way government deals with risk, innovation, and control. The Secretariat strengthened the MAF as an assessment tool and process in order to improve management practices and the delivery of programs and services across government, while reducing the reporting burden for departments and agencies (see text box "Management Excellence"[2]). The Secretariat also initiated work on a principles-based Service Strategy to increase efficiencies in the delivery of internal services.

Management Excellence

"The Public Service of Canada is recognized internationally for its commitment to management excellence. The [MAF], a rigorous system for gauging management performance, has been key to driving steady improvements. The MAF is one of the ways in which we benchmark renewal...."

The following table outlines the Secretariat's progress in advancing Operational Priority 1 through three key initiatives identified in the RPP.

Expected Result	Performance Measures[3]	Performance Status and Summary
Addressing the "Web of Rules" Clear, strong, simplified rules, reporting requirements, and administrative processes that optimize government's capacity to deliver value while minimizing inefficiency, protecting against key risks, and preserving accountability.	Engage with departments, agencies, and other partners to develop and disseminate initiatives to lessen the "web of rules."	Met all[4] The Secretariat engaged with organizations through learning events, meetings and the use of a wiki application to exchange best practices in support of government-wide action on reducing the reporting and administrative burden. A risk-based approach was implemented in MAF Round VII, which resulted in a 45% reduction in the reporting burden for departments and agencies, for a total cumulative reduction of 72% over the last two years. The Secretariat presented a summary of progress to the Prime Minister's Advisory

1. All of the Secretariat's priorities are ongoing for the three-year reporting period.
2. The quote is from the *Seventeenth Annual Report to the Prime Minister on the Public Service of Canada.*
3. The performance measures correspond to the longer-term performance indicators in the 2009–10 RPP.
4. See Appendix B—Definitions of the Criteria for Performance Status Ranking.

		Committee on the Public Service. This report outlined close to 100 new commitments from 39 departments and agencies to lessen the "web of rules."
	Develop an approach to assess the administrative cost of rules governing the public service to permit benchmarking and measurement.	Met all The Secretariat worked with Statistics Canada to develop an approach to assess the administrative costs of Treasury Board policies. This approach included research on private sector practices.
	Incorporate smart rules and reporting into Treasury Board policy renewal.	Met all The Smart Rules Charter principles were incorporated as an annex into the Secretariat's *Foundation Framework for Treasury Board Policies*. The Foundation Framework explains the purpose of Treasury Board policies and other instruments, summarizes general requirements common to all policy instruments, and explains the responsibilities, accountabilities, and expectations of ministers and deputy heads. It is central to the suite of management policies.
	Establish the Centre of Expertise on Risk Management.	Exceeded A Centre of Expertise on Risk Management was established to support greater integration of risk-based management principles across government. It produced the *Framework for the Management of Risk*, the new *Integrated Risk Management Implementation Guide* for federal departments and agencies, and a suite of supporting tools.
Management Accountability Framework The MAF is an improved tool for assessing the performance of public service management.	Analysis of results and recommendations from the MAF five-year evaluation.	Met all An analysis of the MAF five-year evaluation was completed in the first quarter of 2009–10. Recommendations included streamlining MAF methodology and adopting a risk-based approach.
	Completion of a road map and implementation plan to carry out the evaluation's recommendations, including an assessment of the key areas needing improvement.	Met all The Secretariat developed a Management Response (road map) to the MAF five-year evaluation, which included specific measures to implement improvements. Last year, a key area identified for improvement was the implementation of a risk-based approach to MAF assessments. This has significantly reduced the reporting burden on departments and agencies.

	Begin implementation of the road map and plan.	Met all Implementation began by applying a risk-based approach to MAF assessments that will continue into 2010–11. The streamlined and improved process has successfully reduced the reporting burden, while continuing to support departments and agencies in their pursuit of management excellence.
Government-Wide Service Strategy The Government of Canada is well positioned to make prudent investments for modernizing its internal functions and its service delivery to Canadians.	The first stage of the Service Strategy development process has been completed.	Mostly met The Service Strategy aims to strengthen management capability across government by aligning departmental approaches to internal services. A proposal for a government-wide internal service strategy was developed. The research and analysis completed in the development process is contributing directly to the government's Administrative Services Review announced in Budget 2010.

Operational Priority 2

Operational Priority 2	Program spending is focused on results, provides value for taxpayers' money, and is aligned with the government's priorities and responsibilities.
Link to Program Activity	Expenditure Management and Financial Oversight
Type	Ongoing

The Secretariat improved the management of government spending by continuing the renewal of the Expenditure Management System. Efforts in 2009–10 focused on the third round of strategic reviews, improvements to program performance and evaluation information, and the reporting framework for departmental financial statements. The following table outlines the Secretariat's progress in advancing Operational Priority 2 through two key initiatives identified in the RPP.

Expected Result	Performance Measure	Performance Status and Summary
Renewal of the Expenditure Management System Effective and efficient program spending is aligned with planned departmental results and provides value for money.	Budget plans reflect results of strategic reviews.	Met all The results from each of the first three years of strategic reviews were included in the budget of the following year (2008, 2009, and 2010).
	Quality of performance information in support of the PAA.	Somewhat met The use of performance measures in assessing program success is slowly taking root across the federal government. 85 of 98 departments and agencies had a Performance

		Measurement Framework (PMF) for 2009–10. Of these organizations with a PMF, 65 had a less-than-acceptable rating. It is recognized that many of these departments and agencies are in the developmental stage of identifying relevant performance information across all of their programs. With time and continuing guidance from the Secretariat, the expectation is that organizations will improve on their ability to clearly articulate performance and progress measurement.
	Quality of departmental evaluation reports as determined by the MAF assessment.	Mostly met Enhanced standards for evaluation were approved in 2009 as part of a renewed government-wide *Policy on Evaluation*. Departmental alignment with the revised standards was assessed through the MAF. There was a slight decline in the overall percentage of assessed departments and agencies receiving an "acceptable" or higher rating, due to stricter criteria and enhanced standards. These organizations, however, have made progress in meeting the enhanced standards and are well positioned to ensure that the quality of evaluation continues to improve.
Enhanced departmental financial reporting Strengthened financial oversight and greater transparency in financial reporting at the departmental level.	Develop and implement the reporting framework.	Mostly met Three key policies and/or standards were approved: the *Policy on Financial Resource Management, Information and Reporting*, the revised *Accounting Standard 1.2 - Treasury Board - Departmental and Agency Financial Statements*, and the new Treasury Board *Standard on Quarterly Financial Reports for Crown Corporations*. Implementation of certain reporting requirements will become effective on April 1, 2010, and on April 1, 2011. This timeline reflects the need for departments and agencies to establish the capacity to meet these requirements. The new *Policy on Internal Control* requires departments and agencies to produce an annual report summarizing the results and action plans that emerge from their assessment of the effectiveness of internal controls over financial reporting. The Secretariat provided guidance and tools to enable departments and agencies in the development of their reports.

Operational Priority 3

Operational Priority 3	A dynamic public service that is well equipped to address, in a fiscally responsible manner, challenges raised by a complex and unpredictable environment.
Link to Program Activity	Management Policy Development and Oversight and Internal Services
Type	Ongoing

In 2009–10, the Secretariat implemented the recommendations of the 2008–09 Human Resources Horizontal Strategic Review to simplify the organizational structure for people management, reduce overlap and duplication, and fully recognize deputy ministers' primary responsibility for managing the people in their own departments and agencies. The Secretariat led efforts in partnership with deputy heads to modernize human resources management (see text box "New People Management Tool"). It played a key role in providing departments, agencies, and Parliament with a clear, concise view of the overall health of people management in the public service. The Secretariat was also the focal point for developing the H1N1 communications strategy internal to government and for disseminating this information to government employees. H1N1 was an unexpected event that required focused resources for seven months.

New People Management Tool

The People Management Dashboard is a new tool developed by the Secretariat in 2009–10. Through this tool, the Secretariat and individual departments and agencies are able to access system-wide and departmental results to compare people management trend lines over time. The Dashboard also includes information on best practices.

In support of compensation management, the Secretariat engaged stakeholders to enable the new equitable compensation regime across the federal public sector. In late fall 2009, the Secretariat launched a project to implement the *Public Sector Equitable Compensation Act* and began engaging stakeholders who have direct accountabilities under the Act in order to develop this regulatory proposal and build awareness and understanding of implementation readiness.

Expected Result	Performance Measure	Performance Status and Summary
Implementing the 2008–09 Human Resources Horizontal Strategic Review Government supports public service renewal by achieving excellence in people management, and the government's commitment to	Plans for implementing the Review's recommendations are put in place.	Met all The Review reduced government spending on human resources management and consolidated functions at the Secretariat. Savings at the Secretariat in 2009–10 totalled $22 million, which included a reduction of 145 FTEs. Priorities were incorporated into a work plan and communicated to all employees in December 2009.

responsible spending encompasses human resources functions, ensuring that programs are sustainable over the long term.	Recommendations approved for the 2009–10 fiscal year are implemented.	Mostly met The Leadership Development Framework was implemented, and funding for the Workplace Development Innovation Fund was approved, consistent with 2009–10 recommendations. This fund encourages organizations to develop new approaches to support leadership development in their organizations or across the public service. Not all work to address the recommendations was finalized in 2009–10. Development of functional communities will continue in 2010–11 (see Section II for additional information on functional communities).
Compensation management A compensation regime that maintains the federal government's ability to attract, recruit, and retain the workforce required to provide services to Canadians and that is aligned with the principles laid out in the *Policy Framework for the Management of Compensation*.	Ability to ratify collective agreements.	Met all In its approach to collective bargaining and the renewal of collective agreements, the government's goal is to ensure fair compensation for employees while delivering overall fiscal responsibility. In 2009–10, the Secretariat worked with bargaining agents to ratify 12 collective agreements.
	Ability to provide approved mandates for separate agencies.	Met all Mandates were provided that resulted in the signature of 33 collective agreements. One supplementary mandate was provided.
	Ability to provide compensation structures for the Canadian Forces.	Mostly met Compensation rates for military judges and Canadian Forces Legal Officers were approved. The review of the compensation structure for the Canadian Forces is scheduled for completion in 2012 and will result in program administration changes.
	An integrated approach to compensation management.	Met all Compensation was aligned with the principles of the *Policy Framework for the Management of Compensation*, and sound advice was provided to senior officials to support compensation decisions. A government-wide focal point was established for the management of a compensation approach. It represents a horizontal and integrated approach that will ensure the integrity and sustainability of the compensation system.

Canada's Economic Action Plan

In its budget office role, the Treasury Board examines and approves departments and agencies' spending plans. The Secretariat provided support to the Treasury Board by coordinating and accelerating the submission process for departmental initiatives funded under Canada's EAP. As described in "The year in review" in Section I, the Secretariat also played a key role in enabling the implementation of the EAP.

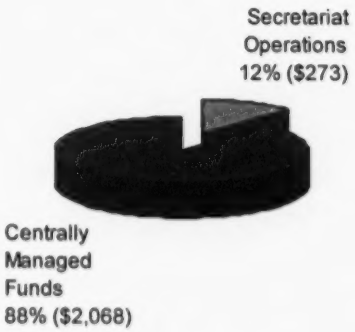
In addition to coordinating Treasury Board submissions that allocated EAP funding specific to departments and agencies, the Secretariat was able to lead the following initiatives within its existing operating budget:

- As part of the EAP, the government committed to reduce the number of Governor-in-Council appointments. The Secretariat and the Privy Council Office worked jointly to review nearly 2,700 positions in over 200 federal organizations across 24 ministerial portfolios. As a result, 245 positions have been identified for reduction. These reductions will result in greater efficiency and improve the effectiveness of governance.
- The Secretariat led and coordinated the process for allocating an economic stimulus measure of $250 million to address deferred maintenance projects in federal laboratories. The Secretariat developed a streamlined submission template for departments and agencies; recommended, when merited, one-time exceptions to certain contracting and project approval requirements; and recommended specific delegations for the President of the Treasury Board to facilitate additional funding decisions.
- The Secretariat was also responsible for leading the federal government investment of $20 million over two fiscal years, 2009–10 and 2010–11, to enhance student employment in the federal public service. In 2009–10, the Secretariat coordinated the distribution of this investment to 45 participating departments and agencies to enhance youth employment. A total of $9.8 million was accessed in 2009–10 by these organizations to increase the number of student jobs in the federal public service. Approximately 1,100 additional student hires are attributed to this federal investment.

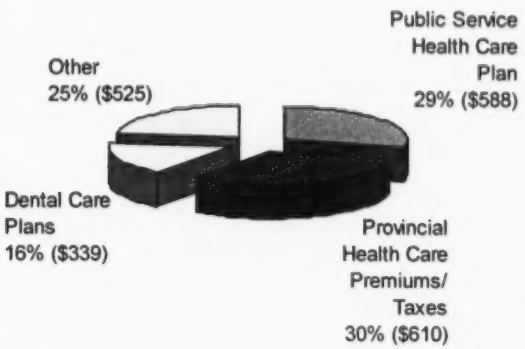
Expenditure profile

The Secretariat spent a total of $2.34 billion toward achieving its strategic outcome, an increase in actual spending of $382 million from 2008–09. Only 12 per cent of total spending represents expenditures for the Secretariat's operations. The remainder relates to funds for public service employer payments that the Secretariat manages centrally on the government's behalf.

Treasury Board of Canada Secretariat
2009–10 Actual Spending
($ millions)



Government-Wide Funds and
Public Service Employer Payments
2009–10 Vote 20 Actual Spending
($ millions)



Total spending on Government-Wide Funds and Public Service Employer Payments was $2.07 billion in 2009–10. Most of the increase in actual spending over 2008–09 was for public service insurance ($316 million), which falls under Program Activity 3. The increase can largely be attributed to the growth in the government-wide wage envelope and the increased costs of health care insurance plans.

The following table identifies by vote the parliamentary appropriations that constitute the Secretariat's funding.

Voted and Statutory Items ($ thousands)

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2007–08 Actual Spending	2008–09 Actual Spending	2009–10 Main Estimates	2009–10 Total Authorities	2009–10 Actual Spending
1	Program Expenditures[a]	176,482	184,209	175,374	263,988	242,086
2	Grants and Contributions[b]	322	0	0	0	0
5	Government Contingencies[c]	0	0	750,000	712,117	0
10	Government-Wide Initiatives[c]	0	0	6,636	7,511	0
15	Compensation Adjustments[c]	0	0	0	0	0
20	Public Service Insurance[d]	1,652,784	1,745,993	2,103,044	2,164,302	2,062,150
25	Operating Budget Carry Forward[c]	0	0	1,200,000	481,554	0
30	Paylist Requirements[c]	0	0	500,000	4,543	0
35	Budget Implementation Initiatives[e]	0	0	3,000,000	883,489	0
(S)	Contributions to employee benefit plans	17,632	20,835	22,024	31,286	31,286
(S)	President of the Treasury Board—Salary and motor car allowance	74	76	78	78	78
(S)	Payments under the *Public Service Pension Adjustment Act*	4	3	20	2	2
(S)	Payments for the pay equity settlement pursuant to section 30 of the *Crown Liability and Proceedings Act*[f]	197	-972	0	-516	-516

Vote # or Statutory Item (S)	Truncated Vote or Statutory Wording	2007–08 Actual Spending	2008–09 Actual Spending	2009–10 Main Estimates	2009–10 Total Authorities	2009–10 Actual Spending
(S)	Unallocated employer contributions made under the *Public Service Superannuation Act*, other retirement acts, and the *Employment Insurance Act*	9,098	9,481	0	6,471	6,471
(S)	Spending of proceeds from the disposal of surplus Crown assets	0	0	0	8	0
(S)	Court awards	5	0	0	0	0
Total[9]		**1,856,598**	**1,959,625**	**7,757,176**	**4,554,833**	**2,341,557**

a) The Secretariat's program expenditures, including employee benefits programs, rose 33.3 per cent in 2009–10 from 2008–09, due to the amalgamation of the CPSA with the Secretariat, new program funding, and increased personnel costs as a result of new collective agreements. The $21.9 million lapse in Vote 1 is attributable to litigation funding that was not required, delays in the ramping up of new projects, funding for an internal audit project that was not implemented, and slippage in anticipated contract activity.

b) Vote 2, Grants and Contributions, was eliminated in 2008–09. The Toronto Waterfront Revitalization Initiative was transferred to Environment Canada in accordance with changes in the machinery of government announced on January 4, 2007. Consequently, Vote 2 has been eliminated. There is no longer a requirement for the Secretariat to hold a distinct vote for grants and contributions given that its planned contributions are less than $5 million (i.e., planned contributions are $200,000).

c) Central votes are transferred to departments and agencies to provide for miscellaneous, urgent, or unforeseen expenditures, implementation of government-wide initiatives, operating budget carry forward, and coverage of paylist shortfalls. These funds have been approved in the Main Estimates. They are not spent within the Secretariat but are transferred to other government departments, if required; if there is no requirement, these funds lapse. The residual amounts for votes 5, 10, 25, 30 and 35 represent the residual authorities for these votes for amounts that have not been transferred out during the year.

d) The largest part of actual expenditures (about 88 per cent) is in Vote 20—Public Service Insurance. Vote 20 expenditures rose 18.1 per cent in 2009–10 from 2008–09 due to growth in the government-wide wage envelope, plan modifications to cover the costs of disabilities caused by military service under the Canadian Forces' Service Income Security Insurance Plan's long-term disability plans, increases in provincial payroll taxes, and medical costs. This vote covers payment of the employer's contribution to pension and insurance plans, employment insurance, and other related expenses.

e) Vote 35, Budget Implementation Initiatives, was created in 2009–10 following the January 27, 2009, budget to ensure that sufficient funding was available to departments and agencies for the implementation of Economic Action Plan initiatives prior to the Supplementary Estimates.

f) These are miscellaneous special payments to facilitate retroactive pay equity settlements. The negative amount reflects a refund of payment from the previous year that was not required.

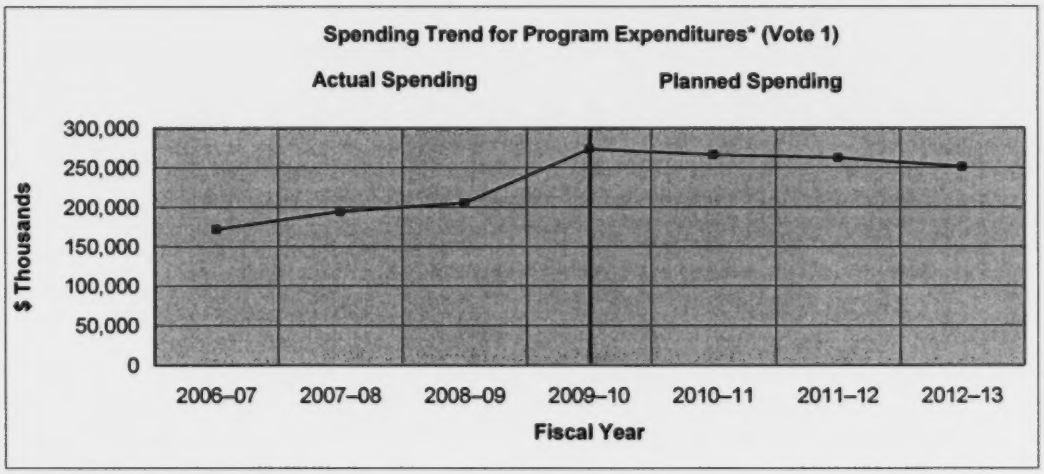
g) The difference of $3.2 billion between the Main Estimates and total authorities in 2009–10 can be mainly attributed to $2.1 billion in funding for Vote 35, Budget Implementation Initiatives, and $720 million in funding for Vote 25, Operating Budget Carry Forward, that was transferred out to other government departments and agencies. The difference of $2.2 billion between total authorities and actual spending in 2009–10 can be mainly attributed to centrally managed government-wide funding (i.e., votes 5, 10, 25, 30 and 35) that was not required by other government departments and hence lapsed.

The Secretariat's actual spending has increased by $382 million from 2008–09 due to the increased cost of government-wide public service insurance programs, the amalgamation of the CPSA with the Secretariat in 2009–10, new program funding, and the increased costs to the Secretariat of collective agreements.

Trend analysis

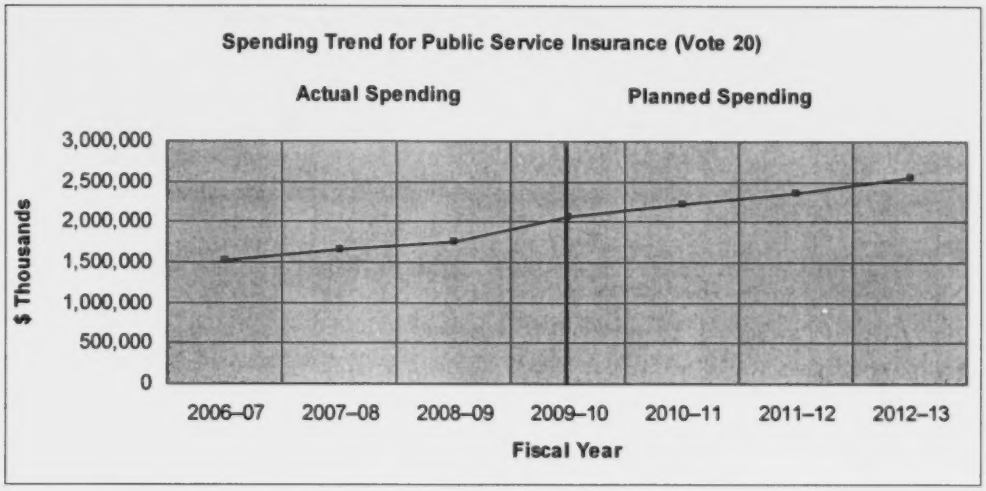
The Secretariat's actual program spending for program activities 1, 2, and 4 increased from 2006–07 to 2008–09 for the following reasons: the reconstitution of the Office of the Comptroller General of Canada; the enhancement of the Chief Information Officer Branch; the establishment of a sector to provide leadership to departments and agencies on internal and external service delivery and grants and contributions reform; transfers to the Secretariat of programs from other departments (e.g., Regulatory Affairs and Regional Communications from the Privy Council Office); new program funding to implement the *Federal Accountability Act* and the new Policy on Internal Audit; and increases in collective agreement rates of pay to the Secretariat's employees.

The Secretariat's spending increased from 2008–09 to 2009–10 by $68 million in program activities 1, 2 and 4. The primary reasons were the amalgamation of CPSA in 2009–10 with the Secretariat ($47 million); funding that Treasury Board approved during the year to support preparatory work for the redesign and renegotiation of public service health and dental benefit plans ($2.6 million); funding to implement the Internal Audit Human Resources Management Framework ($2.8 million); funding to support the implementation and ongoing management of the Treasury Board's employer obligations under the *Public Sector Equitable Compensation Act* ($8.3 million); and increases to payroll costs as a result of new collective agreements ($6.1 million). The Secretariat's spending will decrease between 2010–11 and 2012–13 due to the strategic review reallocation of human resources agencies and the sunsetting of funds for various initiatives within the Secretariat.



* Includes Employee Benefit Plan

Expenditures for Public Service Insurance include the payment of the employer's share of insurance plans, employment insurance, and other related expenses. Public service employer payments are increasing because of growth in the government-wide wage envelope, the introduction of electronic claims processing for drug benefits, increases in provincial payroll taxes, and medical costs. Planned spending in Vote 20 is also increasing to support plan modifications to fully cover the costs of disabilities caused by military service under the Canadian Forces' Service Income Security Insurance Plan's long-term disability plans.



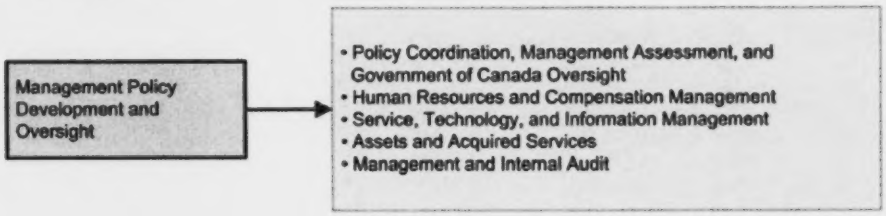
Section II: Analysis of Program Activity by Strategic Outcome

Strategic outcome—Government is well managed and accountable, and resources are allocated to achieve results

Results under the Secretariat's strategic outcome strengthen the effectiveness and efficiency of the federal government, support Parliament and Cabinet decisions, and ensure that Canadians are well served by a government that is accountable, transparent, effective, and efficient. The strategic outcome rests on four distinct program activities.

Targets have been established throughout Section II to ensure compliance with the *Policy on Management, Resources and Results Structures*. There were challenges in establishing measurable targets for reporting purposes; as such, specific initiatives and activities have been used to demonstrate the Secretariat's progress. Significant improvement to the 2010–11 PMF was made during 2009–10, including measurable targets for future reporting.

Program Activity 1: Management Policy Development and Oversight


Management Policy Development and Oversight
• Policy Coordination, Management Assessment, and Government of Canada Oversight
• Human Resources and Compensation Management
• Service, Technology, and Information Management
• Assets and Acquired Services
• Management and Internal Audit

Through Program Activity 1, the Secretariat provides support to the Treasury Board in its role as the government's management board by promoting good management practices across government. This includes its role as employer of the core public administration. The Secretariat does this by developing policies, directives, and standards to guide good management across government; monitoring compliance and developing tools to measure and report on management performance; and providing advice and support to functional communities. To achieve its objectives under this program activity, the Secretariat works closely with its portfolio partner, the Canada School of Public Service.

Program Activity 1: Management Policy Development and Oversight					
2009–10 Financial Resources ($ thousands)			**2009–10 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
112,497	157,585	146,845	783	1,153	370

The increase of approximately $45 million between planned spending and total authorities can be attributed to the amalgamation of the CPSA with the Secretariat in 2009–10, support for new initiatives, funding provided for collective agreements, and paylist requirements. The amalgamation with the CPSA constituted the largest part of this increase, approximately $39 million. Actual spending was below total authorities due to a reduction in requirements for litigation support, delays in project funding, and slippage in anticipated contract activity.

The following table outlines the Secretariat's progress in meeting its established, expected results under Program Activity 1 as described in the RPP. Specific initiatives and activities have been used to help demonstrate the Secretariat's progress.

Expected Results	Performance Indicators and Targets	Performance Status and Summary
Expectations are established to improve public service management.	Evolution of departmental MAF ratings and assessments over time (including those related to the employer role).	Met all A five-year evaluation concluded that the MAF is achieving its objectives and continues to be successful and relevant. Results indicate that there has been an increase in the number of organizations performing well in overall MAF ratings. In the last five years, "attention required" and "opportunity for improvement" ratings decreased from 18% to 1% and from 31% to 15% respectively. "Acceptable" and "strong" ratings rose from 51% to 63% and from 0% to 21% respectively. To ensure continuous improvement of government management practices, the MAF process has been refined over the years to become more strategic and robust and, at the same time, less burdensome.
Functional communities are provided with the appropriate knowledge and tools to comply with Treasury Board policies.	Recruitment levels measured against the Secretariat's set targets.	Mostly met Recruitment programs for chartered accountants, financial officers, internal auditors, computer systems analysts, and purchasing and supply specialists were

		completed, and identified targets for these communities were mostly met. These programs helped address shortage areas across government and strengthen development areas within functional communities. The Secretariat undertook targeted recruitment in 2009–10. For example, to enable departments and agencies to implement the new financial management policy suite, specific attention was given to hiring individuals with the necessary financial competencies.
	Assessment of capacity in key management areas (internal audit, financial management, procurement, evaluation, IM and IT, labour relations, compensation, and occupational health and safety).	Met all The Secretariat continually assesses capacity in the key management areas of internal audit, financial management, procurement, evaluation, IM and IT, labour relations, compensation, and occupational health and safety. It uses MAF's annual results to inform improvements in management practices and provide support to departments and agencies in strengthening capacity in these areas. Results from MAF Round V to VII showed that there was a measurable improvement in the quality of human resources planning in the internal audit community. The results of these assessments informed the Internal Audit Human Resources Management Framework.
	Tools developed and used, and training delivered.	Mostly met The Secretariat continued to engage functional communities in developing the implementation plan for specific policy instruments. This included identifying the tools and training needed to ensure a smooth transition in meeting new requirements. For example, through the Canada School of Public Service, seven new courses were developed to meet the needs of the procurement, materiel management and real property community. The Secretariat also provided training and written guidance on the use of assessment tools for organizational project management capacity and project risk and complexity to meet the requests of 18 departments and agencies.

Treasury Board policies and Secretariat advice are clear, relevant, and well communicated from the standpoint of departments and agencies.[5]	Quality of advice provided to departments and agencies.	Met all The Secretariat works closely with client organizations and uses a single-window approach to simplify the process for organizations. The Secretariat continued to provide guidance on government policies and priorities and, as part of its challenge role, continued to review Treasury Board submissions, Memoranda to Cabinet, Estimates, MAF assessments, and strategic reviews.
	Implementation of policies sequenced and phased in, depending on departmental capacity.	Mostly met[6] The Secretariat continued to work with departments and agencies to coordinate the phased implementation of risk-based policies. Each policy area determined, in consultation with these organizations, an appropriate implementation plan for policy instruments. This implementation plan took into consideration several factors including deputies' accountability, governance structures, capacity, service to Canadians, impacts on internal and external stakeholders, and implementation risks. For instance, the *Directive on Recordkeeping* came into effect on June 1, 2009. Departments and agencies have five years to be fully compliant. As MAF results showed, federal organizations are beginning to put in place measures to ensure compliance. The *Policy on Government Security* was also introduced in 2009. Over the next three years, departments and agencies will progressively implement the new requirements related to departmental security planning. Current MAF ratings demonstrate that this is an area that needs improvement throughout government.

As the performance summary demonstrates, the Secretariat effectively advanced management performance and the prudent use of resources for Program Activity 1 in 2009–10.

5. A third performance indicator was identified in the 2009–10 RPP, namely, the "extent to which Treasury Board policies achieve intended results." The Secretariat does not have the appropriate data to measure this result at this time. However, through the Policy Suite Renewal Initiative, all policies will be reviewed on a five-year cycle.
6. As it is early in the implementation stage for most policies, the Secretariat has insufficient evidence to assess which departments and agencies have successfully phased in the renewed polices.

Performance analysis

The Secretariat delivered most of the initiatives under Program Activity 1 in 2009–10, which resulted in significant progress in management policy development and oversight. Overall progress in this program activity is consistent with the policy direction on public service management taken by most other OECD countries. Most notably, the MAF has gained an international profile as a sophisticated management framework. The OECD has recognized the MAF as "an exceptional model for widening the framework of performance assessments beyond managerial results to include leadership, people management, and organizational environment."[7]

Policy in action: Economic Action Plan

In response to the global economic downturn, the government developed a targeted, timely, and responsible stimulus package through the EAP. A key priority for the Secretariat in implementing the EAP was to assist chief audit executives and chief financial officers in providing strategic and value-added advice to their departments and agencies. The Secretariat organized EAP-related risk assessment and mitigation sessions for audit executives, financial officers, and line management. It also assisted with the development of advice and timely, front-end, risk-targeted approaches and tools. Early identification of EAP risks allowed internal audit to work with management to determine appropriate mitigation strategies, define selection criteria, and document decisions.

Evaluation findings: Treasury Board submission process

One of the Secretariat's central roles is to work with departments and agencies on their Treasury Board submissions to seek spending and other authorities for programs and initiatives. An evaluation of the Treasury Board submission process concluded that the process is generally relevant and effective. The evaluation also identified opportunities for improvement in process management and professional development. In response, the Secretariat is strengthening its internal training and outreach to departments and agencies and is examining information management tools to see how they can be adjusted to improve internal processes.

Lessons learned: Policy suite renewal—people management

To implement the directions of the second and third reports of the Prime Minister's Advisory Committee on the Public Service, the Secretariat undertook a review of the 62 mandatory Treasury Board policy instruments in the area of people management. The objective is to streamline the policy suite to 41 instruments and make the policies more principles-based and risk-sensitive. Extensive consultation and analysis enabled the drafting of the *Policy Framework*

7. Organisation for Economic Co-operation and Development, *Public Sector Integrity: A Framework for Assessment*, p. 86.

for People Management, which connects the management of people and business. In addition, 6 policies were eliminated in 2009–10.

A 90-per-cent completion target for policy suite renewal was set at the beginning of the year. However, a large reorganization (resulting from the 2008–09 Human Resources Horizontal Strategic Review) and the complex collective bargaining environment delayed completion of policy suite renewal for people management in 2009–10. This work will be completed in 2010–11.

This experience suggests that implementing complex change takes time, and many variables have an impact on its speed and results. It is critical to build understanding of new directions among the key stakeholders in order to achieve the intended change.

In further support of Program Activity 1, the Secretariat focused on the following specific initiatives and made demonstrable progress.

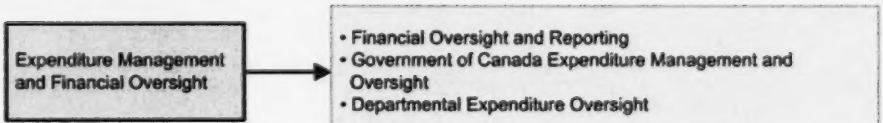
Expected Result	Performance Indicator and Target	Performance Status and Summary
A streamlined Treasury Board policy suite that clarifies the responsibilities of deputy heads and supports other key management initiatives at the Secretariat.	90% of policies have been streamlined.	Mostly met Good progress has been made to streamline the Secretariat's suite of policies: to date 73% of policies have been streamlined; this includes elimination and renewal of policies. In 2009–10, 43 instruments were reviewed, which led to the elimination of 17 policies. More information is provided in the section "Lessons learned: Policy suite renewal—people management." *The Foundation Framework for Treasury Board Policies* was also approved. It provides general responsibilities, accountabilities, and expectations for ministers and deputy heads.
Departments and agencies implement good practices for corporate risk management, such as completing an annual Corporate Risk Profile.	A majority of federal organizations have updated their Corporate Risk Profile.	Exceeded 86% of organizations updated their Corporate Risk Profile.
Departments and agencies develop quality PAAs and performance measurement information for use in decision making and reporting.	80% of departmental PAAs rated as "acceptable" in accordance with the requirements of the *Policy on Management, Resources and Results Structures*.	Met all 81% of departments and agencies had PAAs rated as "acceptable" or higher.

The quality of regulatory submissions improves in the areas of cost-benefit analysis, regulatory cooperation, consultation, and performance measurement, while the administrative burden is minimized.	By April 2010, the administrative burden is reduced, and 66% of the medium- and high-impact regulatory impact assessment statements (RIASs) that were assessed contain cost-benefit analysis, regulatory cooperation, consultation, and/or performance measurement.	Mostly met In 2009–10, departments and agencies submitted 13 regulatory proposals to reduce the regulatory burden. The quality of regulatory submissions improved over the fiscal year. Specifically, 77% of medium- and high- impact RIASs included information on cost-benefit analysis, 71% had evidence of regulatory cooperation, 88% included information on consultation, and 65% of high-impact RIASs included performance measurement. Work will continue to ensure ongoing improvement in regulatory submissions.

Benefits for Canadians

The Secretariat worked with other departments and agencies to reduce administrative delays, promote risk management, and enhance transparency—all of which improve the capacity of the public service to meet Canadians' expectations. For example, to continue to meet Canadians' expectations for improved public access to online government programs and services, the Secretariat is leading the Cyber Authentication Renewal Project, which will provide increased choice for Canadians to access online services and information (such as tax information).
The Secretariat has also improved the government's management of public funds by clarifying accountability and management expectations and by strengthening financial and audit capacity across government. These efforts improved government's overall management performance and accountability, which is a benefit to all Canadians.

Program Activity 2: Expenditure Management and Financial Oversight


Expenditure Management and Financial Oversight
• Financial Oversight and Reporting
• Government of Canada Expenditure Management and Oversight
• Departmental Expenditure Oversight

The Secretariat exercises its role as the budget office by undertaking the following key functions: providing advice to ministers regarding resource allocation and reallocation and the provision of expenditure authorities; undertaking government-wide expenditure and performance analysis and oversight of Estimates and government supply; and ensuring that accurate and timely financial and performance information from departments and agencies is available and reported to support the Public Accounts and budget office functions.

Program Activity 2: Expenditure Management and Financial Oversight					
2009–10 Financial Resources ($ thousands)			**2009–10 Human Resources (FTEs)**		
Planned Spending	**Total Authorities**	**Actual Spending**	**Planned**	**Actual**	**Difference**
37,027	43,464	37,081	283	289	6

In 2009–10, actual spending was less than total authorities due to delays in the ramping up of new projects and slippage in anticipated contract activity.

The following table outlines the Secretariat's progress in meeting its established, expected results under Program Activity 2, as described in the RPP. Specific initiatives and activities have been used to help demonstrate the Secretariat's progress.

Expected Results	Performance Indicators and Target	Performance Status and Summary
Resources are allocated to achieve results.	All direct program spending reviewed over four years by 2010–11.	Met all Successfully completed the third year of the four-year strategic review process. In 2009–10, approximately $26 billion, or 23%, of all government program spending was reviewed. Reviews for all departments and agencies not yet reviewed will be completed in the fourth year of the strategic review process.
	Funds reallocated from low to high priorities.	Met all Funds have been reallocated each year as appropriate through the strategic review process. Reallocation savings, identified from 12 of the organizations that undertook a review in 2009, were $151.7 million for 2010–11, $247.5 million for 2011–12, and $286.9 million for 2012–13, as announced in Budget 2010.
	Compensation aligned with approved *Policy Framework for the Management of Compensation.*	Met all In general, compensation has been aligned with the principles of the *Policy Framework for the Management of Compensation.* Most core public administration groups reached agreements or tentative agreements that were consistent with the *Expenditure Restraint Act.* Additional information is provided in this DPR under Operational Priority 3 in Section I.

Results-based information increasingly informs expenditure management decisions.	Percentage of departments and agencies on track with MRRS policy implementation.	Somewhat met 66% of federal organizations that possess a PAA rated as "acceptable" or higher (81% of departments and agencies possess that rating) have submitted a PMF to the Secretariat approved by their deputy head and chief financial officer. Alignment to the MRRS policy has been more difficult for departments and agencies than expected, often requiring adjustments to how business is organized and a cultural change around how programs and their results are defined. Capacity development has been a challenge. The Secretariat is continuing to work to build capacity and to support implementation through updated guidance material, training, and detailed feedback to departments and agencies.
	Improvement of overall quality of evaluation reports.	Mostly met 83% of assessed organizations received a minimum rating of "acceptable" for the quality of evaluation reports in MAF Round VII. The percentage of departments and agencies receiving a minimum rating of "acceptable" declined slightly due to more stringent standards. However, these organizations have made progress in meeting the enhanced standards and are well positioned to ensure that the quality of evaluation continues to improve. Improvements to evaluation reports should continue as outlined in the Government Response to Chapter 1 of the *2009 Fall Report of the Auditor General of Canada*.
Reporting to Parliament on government spending is accurate; financial performance and stewardship is complete and timely.	Timely tabling of Estimates and Public Accounts.	Met all All Estimates documents were tabled in accordance with the supply timetable established by the House of Commons. The Public Accounts were tabled in advance of the December 31, 2009, deadline. The government received an unqualified opinion from the Auditor General of Canada for the 11th consecutive year (Public Accounts of Canada, Volume 1, Section 2.4).

	Assessment of the quality of financial and non-financial information.	Exceeded Targeted increase in departmental performance reporting was exceeded. 96% of departments and agencies assessed received a minimum rating of "acceptable" for the quality of performance reporting. This surpasses the target of 50% for MAF Round VII and demonstrates an 18% increase from Round VI.
	Extent to which public reports (e.g., DPRs, RPPs, and Public Accounts) are consistent and integrated.	Mostly met The whole-of-government framework ensures consistency in information reported across a variety of public reports, including *Canada's Performance*, RPPs, DPRs, and other financial information reported by the government. Consistency of departmental reporting between RPPs and DPRs, as measured through the quality of performance reporting, increased in MAF Round VII. Work is ongoing with departments and agencies to improve the application of the whole-of-government framework. The Secretariat continues to improve the presentation of information in *Canada's Performance* to support the analysis of resource allocations across the Government of Canada.

As the performance summary demonstrates, the Secretariat continues to align resources to results, uses reliable information to reach decisions, and reports transparently to Parliament as required.

Performance analysis

The results of the Secretariat's efforts under Program Activity 2 include an improved Expenditure Management System which ensures that programs are focused on results, provides value for taxpayers' money, and is aligned with government priorities and responsibilities. Improvements in expenditure management will continue with the ongoing implementation of the renewed *Policy on Evaluation*. This will enhance the body of evidence that the government needs for informed decision making.

The *Policy on Evaluation* was renewed in April 2009 to emphasize the value for money of all ongoing direct program spending, to support decision making on policy, expenditure management, and program improvements, and to improve accountability to Parliament and

Canadians. The *Standard on Evaluation for the Government of Canada* was established to set clear expectations for evaluation quality. In 2009–10, 83 per cent of all large organizations produced evaluations of "acceptable" or "strong" quality, as assessed by the Secretariat.

Lessons learned: Departmental reporting

Over the years, parliamentarians and the Office of the Auditor General have expressed the need for more concise, results-focused information to support their consideration of annual appropriations. In response to these concerns, the Secretariat launched a three-year action plan in 2007. The action plan implemented a pilot project for concise reporting with select departments and agencies for their 2008–09 RPPs and 2007–08 DPRs. The pilot was considered a success by all participants, and the concise reporting model was applied to all departments and agencies as a result.

In September 2009, representatives from the Library of Parliament and the Office of the Auditor General indicated that, while the new concise format was a step in the right direction, additional work was still required. This would include strengthening balanced reporting; using credible, evidence-based performance information; and providing electronic access to lower-level program details. In response, the Secretariat plans to strengthen its guidance and support to departments and agencies to ensure that reporting continues to meet the needs of parliamentarians and other end-users. The Secretariat also intends to explore the use of new Web-based technologies to further develop the electronic layer of performance reporting.

In further support of Program Activity 2, the Secretariat focused on the following specific initiatives and was successful in meeting all key objectives over the fiscal year.

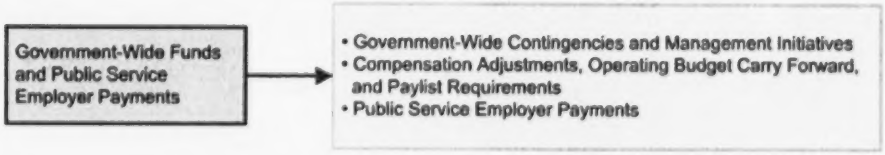
Expected Result	Performance Indicator and Target	Performance Status and Summary
Clear, timely, and accurate Estimates information is tabled in Parliament to support annual appropriations from the Consolidated Revenue Fund in support of federal priorities.	Tabling of clear, timely, and accurate Main and Supplementary Estimates in accordance with the timeline set out in the parliamentary calendar.	Met all All Estimates documents were tabled in accordance with the supply timetable. Improvements to RPP and DPR processes are highlighted in "Lessons learned: Departmental reporting."
Extending accrual accounting to departmental budgeting supports fiscal discipline through improved accountability, transparency, and financial management.	All departments and agencies participating in the pilot project table future-oriented financial statements in their RPPs.	Met all All 10 pilot departments and agencies included a future-oriented statement of operations in their respective RPPs. Implementation will continue on schedule.

Benefits for Canadians

The *Expenditure Restraint Act* received royal assent on March 12, 2009. The Act limits increases to the rates of pay of unionized and non-unionized employees in the federal public sector until 2010–11, while maintaining collective bargaining and established dispute resolution mechanisms (strike or arbitration). The Secretariat was responsible for negotiating collective agreements with a number of bargaining units now subject to the terms of the *Expenditure Restraint Act*. Twelve collective agreements were signed in 2009–10.

The Expenditure Management System is built on three pillars: managing for results, upfront discipline, and ongoing strategic reviews. This system ensures that the Secretariat is well equipped to perform the role of managing and overseeing the government's expenditures. For example, strategic reviews make sure that funding is allocated to programs that are a high priority for Canadians and that these programs produce results. This is sound management and demonstrates how the government continues to ensure value for money for Canadians and manage spending growth.

Program Activity 3: Government-Wide Funds and Public Service Employer Payments


Government-Wide Funds and Public Service Employer Payments
• Government-Wide Contingencies and Management Initiatives
• Compensation Adjustments, Operating Budget Carry Forward, and Paylist Requirements
• Public Service Employer Payments

Government-wide funds are held centrally to supplement other appropriations. The Secretariat is responsible for managing access to these government-wide funds and for administering payments and receipts on behalf of other federal government departments and agencies in a sound and efficient manner. The expected result is that these funds are administered in accordance with applicable legislation and Treasury Board policies and standards. The human resources associated with this program activity are included in other program sub-activities. However, the financial resources are shown separately in the PAA for visibility and reporting purposes. The results for these expenditures are found in the DPRs of recipient departments and agencies.

Program Activity 3: Government-Wide Funds and Public Service Employer Payments					
2009–10 Financial Resources ($ thousands)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
2,103,064	4,259,474	2,068,107	–	–	–

Program Activity 3 involves the Secretariat's administration of centrally managed government-wide funds on behalf of other departments and agencies. As a result, variances between planned, total, and actual spending are not a reflection of the Secretariat's performance, and performance analysis is not required. For a description of the votes, refer to the Appendix A; for information on the variances, see the "Voted and Statutory Items" table in Section I.

Expected Results	Performance Indicators and Target	Performance Status and Summary
Payments and receipts, held centrally by the Secretariat, are made on behalf of other federal government departments and agencies in an administratively sound and efficient manner.	Payments are made appropriately and on time.	Met all Payments were made during the fiscal year in accordance with established service level agreements and standards.

Program Activity 4: Internal Services

Program Activity 4 includes functions that support the needs of programs and other corporate obligations and enable the efficient and effective delivery of all Secretariat priorities and programs. This program activity is an integral part of the PAA and encompasses the activities of Human Resources, Finance, IM, and IT. It also includes governance, strategic policy, planning, audit, communications, legal services, and the Minister's office.

During 2009–10, the Secretariat provided specific shared services to several federal organizations. In addition, the Secretariat continued to coordinate the tabling of the Estimates and the supply process for all federal organizations. The costs borne by the Secretariat for legal services include government-wide costs for the Treasury Board's role as the employer of the core public administration.

Program Activity 4: Internal Services					
2009–10 Financial Resources ($ thousands)			2009–10 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
62,640	94,310	89,524	648	737	89

The increase of approximately $31.7 million between planned spending and total authorities can be attributed to the amalgamation of the CPSA with the Secretariat in 2009–10 (approximately $17 million). The remaining increase of $14.7 million can be attributed to funding for litigation, collective agreements, and paylist requirements. Actual spending was below total authorities due to the reduction in requirements for litigation support, delays in the ramping up of new projects, and slippage in anticipated contract activity.

Performance analysis

Throughout 2009–10, the Secretariat addressed the priorities of the Public Service Renewal Action Plan, implemented the Secretariat's Change Agenda, and made adjustments to meet new policy expectations to improve internal management.

The Secretariat improved its integrated business planning process by revising its PAA, redeveloping its PMF, and building on best practices. Significant resources were also dedicated to advance business continuity planning and develop the Secretariat's H1N1 pandemic response.

All internal audits and evaluations are listed in the supplementary online tables. An audit of the Secretariat's Governance Framework was completed in February 2010. It found that this framework is well established and meets the department's needs for effective governance. The audit's comprehensive approach was recognized by the Government of Canada Audit Committee as a potential model for similar audits across government.

Although the Secretariat did not set specific targets for Program Activity 4 in the 2009–10 RPP, the Secretariat identified internal targets and tracked them during the year, as summarized below.

Expected Result	Performance Indicator and Target	Performance Status and Summary
The Secretariat's resources are more effectively aligned to priorities and program activities.	Implementation of the 2010–11 Integrated Business Plan by incorporating HR, finance, IM and IT, and accommodations functions to provide the	Mostly met The 2010–11 Integrated Business Plan process was implemented. The Secretariat continued its integration of finance, HR, and other enabling functions (e.g., IM/IT and accommodations) into the planning cycle to provide the required information

	necessary information for decision making and risk management.	for decisions on resource allocation. This was more complex in 2009–10 due to the organizational changes. Additional information is provided in "Lessons learned: Financial forecasting."
The integration of risk management best practices.	Build risk management practices into daily business.	Mostly met The Secretariat identified "strengthen risk management capacity and adopted risk-based approaches in daily business" as one of two management priorities. A number of key initiatives incorporated risk-based approaches, such as the MAF, the Treasury Board submission process, and EAP implementation. A pilot training session was also developed and delivered.
The Government of Canada's Management Agenda and Treasury Board operations are supported by the Secretariat's Change Agenda.	Change-enabling strategies and associated initiatives are developed and implemented, targeting three distinct audiences across the Secretariat (senior management, executives, and all staff) and focusing on three key elements (employee engagement, capacity building, and updating processes to reinforce change-enabling strategies).	Met all The Secretariat this year focused on integrating the role of enabler into how it conducts its business. This was achieved through a variety of mechanisms, including engaging staff to develop a new vision for the Secretariat, renewing the department's approach to employee orientation, providing tools and training for employees and managers to explain the role of enabler, and incorporating change-enabling behaviours into the performance agreements of executives. The Secretariat also continued its focus on embedding change-enabling approaches into the Secretariat's priorities (see Section I).
The Secretariat is a workplace of choice.	Implementation of the Human Resources Strategy 2008–11, focusing on senior management's commitment to developing and implementing a robust resourcing strategy, improving human resources infrastructure, supporting Secretariat employees through community management renewal strategies, and improving internal communications.	Met all The Human Resources Strategy was broadly disseminated, and the development of a comprehensive resourcing strategy is underway. Staffing of critical positions for a dedicated Human Resources Directorate was completed. Capacity was strengthened in the Compensation and Benefits unit and the Classification unit. The Secretariat also continued to foster internal communities through special initiatives and development programs. The Secretariat's MAF results for values and ethics were "strong" and indicate a healthy work environment.

The new shared corporate services model effectively supports the Secretariat, as well as the Department of Finance Canada and other partners.	Implementation of a new shared corporate services model that helps clarify accountabilities, ensures better compliance with legislation and policy, and improves the Secretariat's ability to meet the specialized and operational needs of its clients, while managing the risks associated with providing ongoing shared services.	Mostly met Approximately a year after the transition, a Steering Committee was established in February 2010 (jointly led by senior management in the Secretariat and the Department of Finance Canada) to ensure that the transition met its objectives, and to reflect on progress as part of good management practices. A few additional changes were implemented by April 1, 2010, and more changes are expected. Formal agreement documents are drafted and will be finalized in the new fiscal year.

Lessons learned: Financial forecasting

The Secretariat did not spend all of the allotted funding in its Vote 1 appropriation due to planned litigation expenditures that were not required because of a negotiated settlement. The reduced spending also resulted from the focus on establishing the new Office of the Chief Human Resources Officer and other organizational changes. Steps will be taken to more effectively track the planned and actual rate of spending so that resources can be reallocated throughout the year to meet priorities and mandate requirements.

Benefits for Canadians

Efficient and effective internal services are essential in meeting the management and financial performance expectations that have been set for the Secretariat and all departments and agencies. By advancing integrated business planning, improving its internal management practices, and implementing human resources initiatives, the Secretariat is contributing to the ongoing renewal of the public service and is ensuring that it has the capacity to deliver its mandate. This increases the efficient and effective use of taxpayers' money, which is a benefit to all Canadians.

Section III: Supplementary Information

Financial highlights

The financial highlights presented in this section are drawn from the Secretariat's financial statements. The financial statements are prepared in accordance with Treasury Board accounting policies, which are consistent with generally accepted accounting principles for the Canadian public sector.

The Secretariat's assets mainly constitute accounts receivable from other government departments and agencies, whereas its liabilities are mostly accounts payable to these government organizations and public service insurance payments. The expenses include approximately $2.067 billion for government-wide programs such as the Public Service Health Care Plan, the Public Service Dental Care Plan, and other insurance and pension programs. Revenues consist mainly of parking revenues.

Condensed Statement of Financial Position

($ thousands)

Condensed Statement of Financial Position At End of Year (March 31, 2009)	% Change	2010	2009
Total Assets	177%	674,240	243,175
Total Liabilities	29%	613,038	474,649
Total Equity	126%	61,202	(231,474)
Total	177%	674,240	243,175

The increase of $431 million in total assets is almost entirely related to receivables from other federal government departments and agencies set up as year-end adjustments for employee benefit plans, such as the *Public Service Superannuation Act*, which increased from $229 million to $657 million. Most of these receivables are cleared within the first two months of the new fiscal year. The increase in receivables adjustments is due to the increasing size of the public service and the costs of these benefit plans.

The increase in total liabilities of $138 million is mostly attributable to an increase in accounts payable from $439 million to $567 million. These reflect payables to other government departments and agencies set up as year-end adjustments for employee benefit plans, or estimates of external payables for the Public Service Health Care Plan, the Public Service Dental Care Plans, and the Pensioner's Dental Services Plan. The payables for employee benefit plans are also cleared within the first two months of the new fiscal year, whereas the external payables

set up for the health and dental plans are cleared for the most part within a year of being established. The increase in payable adjustments is related to the growing size of the employee benefit plans and the health and dental plans.

Assets, liabilities, and equity also reflect increases resulting from the merger of the CPSA with the Secretariat.

Condensed Statement of Financial Operations

($ thousands)

Condensed Statement of Financial Operations At End of Year (March 31, 2009)	**% Change**	**2010**	**2009**
Total Expenses	20%	2,367,586	1,971,599
Total Revenues	4%	16,447	15,753
Net Cost of Operations	20%	2,351,139	1,955,846

The increase in expenses is attributable mostly to increases in costs for the various health, dental, and insurance plans and related provincial health care premiums and taxes. Although these expenses are for public servants across all departments and agencies, the costs are recorded by the Secretariat. The costs of these insurance plans increased by approximately $325 million.

Other items of interest

The following items of interest are available on the Secretariat's website.

- Appendix A—Votes
- Appendix B—Definitions of the Criteria for Performance Status Rankings
- Treasury Board of Canada Secretariat Financial Statements (unaudited)

List of supplementary information tables

The following tables are available on the Secretariat's website.

- Sources of Respendable and Non-respendable Revenue
- User Fees Reporting
- Green Procurement
- Response to Parliamentary Committees and External Audits
- Internal Audits and Evaluations